

Financial Report
Town of Golden Meadow, Louisiana
December 31, 2004

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

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Town of Golden Meadow, Louisiana

December 31, 2004

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FINANCIAL SECTION



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

To the Honorable Joey Bouziga, Mayor,
and the Members of the Town Council
Town of Golden Meadow, Louisiana.

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Golden Meadow, Louisiana (the Town) as of and for the year ended December 31, 2004, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Golden Meadow, Louisiana's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Golden Meadow, Louisiana, as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and the Major Special Revenue Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1e, to the basic financial statements, the Town has implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, as of January 1, 2004.

In accordance with Government Auditing Standards, we have also issued our report dated February 15, 2005 on our consideration of the Town of Golden Meadow, Louisiana ' s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 12 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Golden Meadow, Louisiana's basic financial statements. The introductory section, other supplementary section and statistical information section presented for purposes of additional analysis are not a required part of the basic financial statements. The accompanying financial information listed in the other supplementary section have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical information section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Bougeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
February 15, 2005.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Town of Golden Meadow, Louisiana

The Town Clerk and the Mayor are responsible for the overview and analysis of the financial activities of the Town of Golden Meadow's (the Town) for the year ended December 31, 2004. The narrative provided is designed to introduce the financial highlights and offer an overview of our financial statements.

Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and facts known to date. This narrative includes a government-wide financial analysis of revenues, expenses and changes in the net assets. Further detail offers our readers a financial analysis of the Town's funds consisting of the governmental fund types and proprietary funds.

FINANCIAL HIGHLIGHTS

Assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$5,201,628 (net assets). Of this amount, \$964,422 (unrestricted net assets) may be used to meet the Town's ongoing obligations to citizens and creditors.

The Town's total net assets increased by \$228,602 during 2004. The business-type net assets decreased by \$4,481 in 2004.

The Town's governmental revenue increased \$137,587 (or 11%) primarily due to increase in mineral royalties.

The Town's governmental expenditures decreased \$31,179 (or 3%) primarily due a decrease in capital outlay.

OVERVIEW OF THE FINANCIAL STATEMENTS

For the year ending December 31, 2004, the Town adopted the changes required by the implementation of Governmental Accounting Standards Board Statement No. 34. The new statements focus on the government as a whole (government-wide) and the major individual funds. Both perspectives (government-wide and major fund) allow the reader to address relevant questions, broaden a basis for comparison (year to year or government to government) and will enhance the Town's accountability.

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's annual report consists of six parts: (1) management's discussion and analysis (this section) (2) basic financial statements (3) supplementary information section (4) other supplementary information, and (5) statistical information and (6) various governmental compliance reports and schedules by certified public accountants and management.

The basic financial statements include two kinds of statements that present different views of the Town:

Government-Wide Financial Statements

The government-wide financial statements reported in Exhibits A and B are designed to be similar to private-sector business in that all governmental and business-type activities are consolidated into columns which add to a total for the primary government. These statements, for the first time, combine governmental fund's current financial resources with capital assets and long-term obligations. Also presented in the government-wide financial statements is a total column for the business-type activities of the primary government.

The Statement of Net Assets reported in Exhibit A presents information on all the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The Statement of Activities reported in Exhibit B presents information showing how the government's net assets changed during the most recent fiscal year. All changes in the assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses reported in this statement for some items that will only result in cash flows in future fiscal periods. For example, uncollected taxes and earned but unused vacation leave result in cash flows for future periods. The focus of the Statement of Activities is on both the gross and net cost of various activities, which are provided by the government's general tax and other revenues. This is intended to summarize information and simplify the user's analysis of cost of various governmental services and/or subsidy to various business-type activities.

Both the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities which reflect the Town's basic services include the financial activities of the following: general government (Town administration) public safety (police department), streets and highways (street, road and sidewalk maintenance), drainage and levee (drainage and levee maintenance), culture and recreation (parks/playgrounds and pool) and sanitation (animal control, grass cutting, building demolition and trash collection). The business-type activities of the Town include a gas distribution operation and a sewerage collection and treatment system.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Traditional users of governmental financial statements will find the fund financial statement presentation more familiar. The focus is now on major funds, rather than generic fund types. All the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. The Governmental Major Fund presentation in Exhibits C through K is presented on a sources and uses of liquid resources basis. This is the manner in which the financial budget is typically developed. Unlike the government-wide financial statements, governmental fund financial statements focus on near-term outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's current financing requirements. The Town has presented the following major governmental funds: General Fund, Sales Tax Fund, Levee Maintenance Tax Fund, Drainage Maintenance Tax Fund and Street Fund.

All non-major governmental funds are presented in one column, titled Other Governmental Funds. Combining financial statements of the non-major funds can be found in the Combining and Individual Fund Statements and Schedules that follow the basic financial statements.

Proprietary Funds includes enterprise funds on the fund financial statements illustrated in Exhibits L through M. Enterprise funds are used to account for operations financed and operated in a manner similar to private business enterprises. These enterprise funds are presented as major funds and consist of the Gas Distribution System Fund and the Sewerage Fund. The intent is that costs of goods or services to the general public on a continuing basis be financed primarily through user charges.

While the total column on the business-type fund financial statements for enterprise funds (see Exhibit L and M) is the same as the business-type column at the government-wide financial statement, the governmental funds total column requires a reconciliation because of the different measurement focus which is reflected on the page following each statement (see Exhibit D and F). The flow of current financial resources will reflect capital lease proceeds and interfund transfers as other financial sources as well as capital expenditures and debt service principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligations into the governmental activities column in the government-wide statements.

Capital Assets

General capital assets include land, improvements to land, easements, buildings, vehicles, machinery and equipment, infrastructure and all other tangible assets that are used in operations and that have initial useful lives greater than one year and exceed the Town's capitalization threshold (see Note 1d, Exhibit O). The Town has recorded all material infrastructure assets acquired since 1984. Prior to the implementation of the new reporting model, no depreciation was charged on general capital assets. Accumulated depreciation was recorded for the first time based on the date of acquisition and the life span of the asset in the 2004 financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are a required part of the basic financial statements and can be found in Exhibit O of this report.

Other Information

Supplementary financial information can be found in statements A-1 and A-2 of this report. Other supplementary financial information can be found in Statement 1 of this report. The Statistical Section (Tables 1 through 8) are included for additional information and analysis and do not constitute a part of the audited financial statements.

Also included in the report are special auditor reports on internal control over financial reporting, compliance and other matters, findings and schedules as required by government auditing standards.

Government-Wide Financial Analysis

The following table reflects the condensed Statement of Net Assets for 2004. Prior year data is not presented in the implementation year but will be included in future years for comparison purposes.

Town of Golden Meadow
Condensed Statement of Net Assets
December 31, 2004

	Governmental Activities	Business-type Activities	Total
Assets:			
Current and other assets	\$ 1,513,952	\$ 381,580	\$ 1,895,532
Restricted assets	-	50,661	50,661
Capital assets	1,998,838	1,610,924	3,609,762
Total assets	<u>3,512,790</u>	<u>2,043,165</u>	<u>5,555,955</u>
Liabilities:			
Current liabilities	229,843	108,989	338,832
Long-term obligations	15,495	-	15,495
Total liabilities	<u>245,338</u>	<u>108,989</u>	<u>354,327</u>
Net Assets:			
Invested in capital assets, net of related debt	1,968,872	1,610,924	3,579,796
Restricted	334,158	-	334,158
Unrestricted	964,422	323,252	1,287,674
Total net assets	<u>\$ 3,267,452</u>	<u>\$ 1,934,176</u>	<u>\$ 5,201,628</u>

For more detailed information see Exhibit A, Statement of Net Assets.

Approximately 69% of the Town's net assets as of December 31, 2004, reflects the government's investment in capital assets (land, buildings, infrastructure, machinery and equipment) less any related outstanding debt used to acquire those assets that is still outstanding. The Town government uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Another 6% of the Town's net assets are subject to external restrictions as to their use.

The remaining unrestricted net assets of 25% are available for future use as directed by the Mayor and the Town Council to meet ongoing obligations of the government to citizens and creditors.

The following table provides a summary of the changes in net assets for the year ended December 31, 2004:

Town of Golden Meadow
Condensed Statement of Changes in Net Assets
For the Year Ended December 31, 2004

	Governmental Activities	Business-type Activities	Total
Revenues:			
Program Revenues:			
Charges for services	\$ 368,174	\$ 482,255	\$ 850,429
Operating grants and contributions	97,270	-	97,270
Capital grants and contributions	140,061	-	140,061
General Revenues:			
Property taxes	151,788	-	151,788
Sales taxes	290,290	-	290,290
Franchise taxes	78,828	-	78,828
Grants and contributions not restricted to specific programs	197,581	-	197,581
Other	31,792	-	31,792
Total revenues	<u>1,355,784</u>	<u>482,255</u>	<u>1,838,039</u>
Expenses:			
General government	234,983	-	234,983
Public safety	366,225	-	366,225
Streets and highways	202,449	-	202,449
Drainage and levee	181,228	-	181,228
Culture and recreation	120,238	-	120,238
Sanitation	16,487	-	16,487
Interest on long-term obligations	1,091	-	1,091
Gas Distribution	-	404,005	404,005
Sewerage	-	82,731	82,731
Total expenses	<u>1,122,701</u>	<u>486,736</u>	<u>1,609,437</u>
Change in net assets	233,083	(4,481)	228,602
Net assets, January 1, 2004	3,034,369	1,938,657	4,973,026
Net assets, December 31, 2004	<u>\$ 3,267,452</u>	<u>\$ 1,934,176</u>	<u>\$ 5,201,628</u>

The Town's net assets increased by \$228,602 during the current fiscal year.

Governmental Activities net assets increased \$233,083 in 2004 due to:

1. The increase in mineral royalty revenue.

Business-Type Activities net assets decreased by \$4,481 in 2004 due to:

1. Increasing cost for providing sewerage services.

Financial Analysis of the Government's Funds

The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of the Town's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town's financing requirement. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The combined fund balances of the Town's governmental funds at December 31, 2004 was \$1,298,580 as compared to \$1,102,451 at December 31, 2003, an increase of \$196,129. The entire fund balance is available for spending at the Town's discretion.

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, unreserved, undesignated fund balance of the general fund was \$338,717. Compared with total fund balance of \$156,109 at the end of 2003, the fund balance increased by \$182,608.

Other major funds had a net increase in the fund balances of \$13,521.

Proprietary Funds: The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Gas Distribution System at December 31, 2004, reflected \$288,214. This fund is used to account for gas distribution services to the Town. This fund is self-supporting from program revenues. This fund encompasses all assets associated with gas distribution. Investment in capital assets at the end of the current fiscal year totaled \$148,315.

The Sewerage Fund of the Town had unrestricted net assets of \$35,038 at December 31, 2004. This fund encompasses all assets associated with sewerage operations of the Town. This fund is self-supporting from program revenues. This fund encompasses all assets associated with sewerage operations. Investment in capital assets at the end of the current fiscal year totaled \$1,462,609.

General Fund Budgetary Highlights

The major difference between the original General Fund budget and the final amended budget was additional grants received, an increase in mineral royalty income and appropriations associated with an increase in the Town's required contributions to the Municipal Employees Retirement System, an increase associated with employee group insurance, an increase in insurance premiums and an increase in various capital outlay expenditures.

Material differences between actual results and final amended budgeted amounts in the General Fund are as follows:

- A grant received from the Department of Housing and Urban Development for swimming pool repairs.

Capital Asset and Debt Administration

Capital Assets: The Town's investment in capital assets for its governmental and business-type activities as of December 31, 2004, amounts to \$3,609,762 (net of accumulated depreciation). This investment in capital assets includes land, infrastructure, buildings and improvements, furnishings and equipment, streets and roads, drainage systems, park, swimming pool, gas system and sewer system facilities. The total increase in the Town's investment in capital assets (net of depreciation) for the current fiscal year was \$17,223, a 3% increase for governmental activities and a 2.5% decrease for business-type activities.

Major capital asset events during the current fiscal year included the following:

- Purchase of various department equipment
- Purchase of a new police unit
- Sidewalk improvements, street improvements and improvements to the Town Hall

Town of Golden Meadow
Capital Assets
(Net of Depreciation)
December 31, 2004

	Governmental Activities	Business-type Activities	Total
Land	\$ 91,100	\$ 2,500	\$ 93,600
Construction in progress	38,000	-	38,000
Buildings and improvements	299,244	-	299,244
Swimming pool	182,753	-	182,753
Auto's and trucks	43,389	7,190	50,579
Sidewalks, streets and drainage	1,144,307	-	1,144,307
Oakridge park	142,769	-	142,769
Furniture, equipment and other	57,276	20,857	78,133
Sewer system	-	1,459,870	1,459,870
Gas distribution system	-	120,507	120,507
Total	<u>\$ 1,998,838</u>	<u>\$ 1,610,924</u>	<u>\$ 3,609,762</u>

Additional information on the Town's capital assets can be found in Note 8, Exhibit O of this report.

Non-current liabilities: At the end of the current fiscal year, the Town had total outstanding non-current liabilities of \$29,966 which represents capital leases. These liabilities will be serviced by general revenues of the Town.

Economic Factors and Next Year's Budget and Rates

- The budget planning began with the assumption that some of our revenues would produce little or no growth. In the years past, these revenues have shown significant highs and lows. With this in mind, it has been our practice to budget little increases for these proceeds.
- Sales tax collections support the operations of the General Fund. The Town experienced a 1.7% decrease in sales tax collections from 2003 to 2004. For prudent planning the Town budgeted 2005 collections to be 94.3% of the 2004 projections.
- Ad Valorem taxes are proposed at little growth for 2005.
- Interest earnings on investments are naturally a disappointment. Thus, for 2005 we are proposing interest earnings at the same level as those projected 2004.
- Sewer and natural gas rates were increased during 2004.

Requests for Information

This financial report is designed to provide a general overview of the Town of Golden Meadow's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Town Clerk, P. O. Box 307, Golden Meadow, La. 70357. General information relating to the Town can be found at the Town's website, www.townofgoldenmeadow.com.

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET ASSETS**Town of Golden Meadow, Louisiana**

December 31, 2004

ASSETS	Primary Government		
	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 1,367,017	\$ 262,866	\$ 1,629,883
Investments	9,839	953	10,792
Receivables (net)	126,700	82,890	209,590
Internal balances	(34,871)	34,871	-
Due from other governments	45,267	-	45,267
Restricted assets:			
Cash and cash equivalents	-	50,661	50,661
Capital assets:			
Non-depreciable	129,100	2,500	131,600
Depreciable, net:	1,869,738	1,608,424	3,478,162
Total assets	3,512,790	2,043,165	5,555,955
LIABILITIES			
Accounts payable and other current liabilities	43,279	58,328	101,607
Deferred revenue	172,093	-	172,093
Liabilities payable from restricted assets	-	50,661	50,661
Non-current liabilities:			
Due within one year	14,471	-	14,471
Due in more than one year	15,495	-	15,495
Total liabilities	245,338	108,989	354,327
NET ASSETS			
Invested in capital assets, net of related debt	1,968,872	1,610,924	3,579,796
Restricted for:			
Streets and highways	233,040	-	233,040
Drainage and levee	101,118	-	101,118
Unrestricted	964,422	323,252	1,287,674
Total net assets	\$ 3,267,452	\$ 1,934,176	\$ 5,201,628

See notes to financial statements.

STATEMENT OF ACTIVITIES

Town of Golden Meadow, Louisiana

For the year ended December 31, 2004

	<u>Expenses</u>	<u>Program Revenue</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Governmental activities:				
General government	\$ 234,983	\$ 131,969	\$ -	\$ -
Public safety	366,225	224,777	26,735	-
Streets and highways	202,449	-	37,239	25,000
Drainage and levee	181,228	-	3,896	48,000
Culture and recreation	120,238	11,428	29,400	67,061
Sanitation	16,487	-	-	-
Interest on long-term obligations	1,091	-	-	-
Total governmental activities	<u>1,122,701</u>	<u>368,174</u>	<u>97,270</u>	<u>140,061</u>
Business-type activities:				
Gas distribution	404,005	428,098		
Sewerage	82,731	54,157		
Total business-type activities	<u>486,736</u>	<u>482,255</u>		
Total primary government	<u>\$ 1,609,437</u>	<u>\$ 850,429</u>	<u>\$ 97,270</u>	<u>\$ 140,061</u>

General revenues:

Taxes:

Property

Sales taxes

Franchise taxes

Grants and contributions not restricted to specific programs

Unrestricted investment earnings

Miscellaneous

Total general revenues and transfers

Change in net assets

Net assets - beginning

Net assets - ending

See notes to financial statements.

<u>Net (Expense) Revenue and Changes in Net Assets</u>		
<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (103,014)		\$ (103,014)
(114,713)		(114,713)
(140,210)		(140,210)
(129,332)		(129,332)
(12,349)		(12,349)
(16,487)		(16,487)
<u>(1,091)</u>		<u>(1,091)</u>
<u>(517,196)</u>		<u>(517,196)</u>
	\$ 24,093	24,093
	<u>(28,574)</u>	<u>(28,574)</u>
	<u>(4,481)</u>	<u>(4,481)</u>
<u>(517,196)</u>	<u>(4,481)</u>	<u>(521,677)</u>
151,788	-	151,788
290,290	-	290,290
78,828	-	78,828
197,581	-	197,581
9,514	-	9,514
<u>22,278</u>	<u>-</u>	<u>22,278</u>
<u>750,279</u>	<u>-</u>	<u>750,279</u>
233,083	(4,481)	228,602
<u>3,034,369</u>	<u>1,938,657</u>	<u>4,973,026</u>
<u>\$ 3,267,452</u>	<u>\$ 1,934,176</u>	<u>\$ 5,201,628</u>

BALANCE SHEET
GOVERNMENTAL FUNDS

Town of Golden Meadow, Louisiana

December 31, 2004

	<u>General Fund</u>	<u>Sales Tax Fund</u>	<u>Levee Maintenance Tax Fund</u>
ASSETS AND OTHER DEBITS			
Assets			
Cash and cash equivalents	\$ 409,933	\$ 592,206	\$ 86,300
Investments	4,910	4,929	-
Receivables (net, where applicable of allowances for uncollectibles):			
Taxes	29,540	-	27,086
Accounts	14,735	-	-
Due from other funds	15,804	7,021	-
Due from other governmental units	11,313	21,549	-
	<u>\$ 486,235</u>	<u>\$ 625,705</u>	<u>\$ 113,386</u>
Total assets			
LIABILITIES, EQUITY AND OTHER CREDITS			
Liabilities			
Accounts payable and accrued expenditures	\$ 43,279		\$ -
Due to other funds	58,259		-
Deferred revenue	45,980		39,202
	<u>147,518</u>		<u>39,202</u>
Total liabilities			
Fund Balances			
Unreserved, reported in:			
General Fund	338,717	-	-
Special Revenue Funds	-	625,705	74,184
	<u>338,717</u>	<u>625,705</u>	<u>74,184</u>
Total fund balances			
	<u>\$ 486,235</u>	<u>\$ 625,705</u>	<u>\$ 113,386</u>
Total liabilities and fund balances			

See notes to financial statements.

Exhibit C

<u>Drainage Maintenance Tax Fund</u>	<u>Street Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 39,045	\$ 239,433	\$ 100	\$ 1,367,017
-	-	-	9,839
27,091	25,535	-	109,252
-	663	2,713	17,448
-	5,918	-	23,488
-	-	6,487	45,267
<u>\$ 66,136</u>	<u>\$ 271,549</u>	<u>\$ 9,300</u>	<u>\$ 1,572,311</u>
\$ -	\$ -	\$ -	\$ 43,279
-	-	100	58,359
39,202	38,509	9,200	172,093
39,202	38,509	9,300	273,731
-	-	-	338,717
26,934	233,040	-	959,863
26,934	233,040	-	1,298,580
<u>\$ 66,136</u>	<u>\$ 271,549</u>	<u>\$ 9,300</u>	<u>\$ 1,572,311</u>

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS**

Town of Golden Meadow, Louisiana

December 31, 2004

Fund Balances - Governmental Funds	\$ 1,298,580
---	---------------------

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Governmental capital assets	\$ 4,674,564	
Accumulated depreciation	<u>(2,675,726)</u>	1,998,838

Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.

Capital lease liability	<u>(29,966)</u>
-------------------------	-----------------

Net Assets of Governmental Activities	<u>\$ 3,267,452</u>
--	----------------------------

See notes to financial statements.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

Town of Golden Meadow, Louisiana

For the year ended December 31, 2004

	General Fund	Sales Tax Fund	Levee Maintenance Tax Fund
Revenues			
Taxes	\$ 42,735	\$ 290,290	\$ 36,567
Fines and forfeitures	224,777	-	-
Intergovernmental	192,878	-	-
Licenses and permits	91,179	-	-
Franchise fees	78,828	-	-
Charges for services	52,218	-	-
Investment income	3,826	5,688	867
Miscellaneous	201,725	-	-
Total revenues	<u>888,166</u>	<u>295,978</u>	<u>37,434</u>
Expenditures			
Current:			
General government	219,485		
Public safety	348,162		
Streets and highways	172,652		
Sanitation	14,858		
Drainage and levee	133,119		
Culture and recreation	104,426		
Debt service:			
Principal retirement	17,820		
Interest and fiscal charges	1,091		
Capital outlay	166,164		
Total expenditures	<u>1,177,777</u>		
Excess (deficiency) of revenues over expenditures	<u>(289,611)</u>	<u>295,978</u>	<u>37,434</u>
Other Financing Sources (Uses)			
Capital lease	39,574	-	-
Operating transfers in	432,645	-	-
Operating transfers out	-	(290,145)	(35,000)
Total other financing sources (uses)	<u>472,219</u>	<u>(290,145)</u>	<u>(35,000)</u>
Net Change in Fund Balances	182,608	5,833	2,434
Fund Balances			
Beginning of year	<u>156,109</u>	<u>619,872</u>	<u>71,750</u>
End of year	<u>\$ 338,717</u>	<u>\$ 625,705</u>	<u>\$ 74,184</u>

See notes to financial statements.

Exhibit E

<u>Drainage Maintenance Tax Fund</u>	<u>Street Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 36,567	\$ 35,919	\$ -	\$ 442,078
-	-	-	224,777
-	37,239	38,000	268,117
-	-	-	91,179
-	-	-	78,828
-	-	-	52,218
348	2,681	-	13,410
-	-	-	201,725
<u>36,915</u>	<u>75,839</u>	<u>38,000</u>	<u>1,372,332</u>
		-	219,485
		-	348,162
		-	172,652
		-	14,858
		-	133,119
		-	104,426
		-	17,820
		-	1,091
		<u>38,000</u>	<u>204,164</u>
		<u>38,000</u>	<u>1,215,777</u>
<u>36,915</u>	<u>75,839</u>	<u>-</u>	<u>156,555</u>
-	-		39,574
-	-		432,645
<u>(42,500)</u>	<u>(65,000)</u>		<u>(432,645)</u>
<u>(42,500)</u>	<u>(65,000)</u>		<u>39,574</u>
(5,585)	10,839	-	196,129
<u>32,519</u>	<u>222,201</u>	<u>-</u>	<u>1,102,451</u>
<u>\$ 26,934</u>	<u>\$ 233,040</u>	<u>\$ -</u>	<u>\$ 1,298,580</u>

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

Town of Golden Meadow, Louisiana

For the year ended December 31, 2004

Net Change in Fund Balance - Total Governmental Funds **\$ 196,129**

Amounts reported for governmental activities in the statement activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	\$ 204,164	
Depreciation expense	<u>(128,908)</u>	75,256

The net effect of various miscellaneous transactions involving capital assets, such as sales, trade-ins and donations, is to decrease net assets.		(16,548)
---	--	----------

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Principal payments	17,820	
Capital lease	<u>(39,574)</u>	<u>(21,754)</u>

Change in Net Assets of Governmental Activities **\$ 233,083**

See notes to financial statements.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND

Town of Golden Meadow, Louisiana

For the year ended December 31, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes - ad valorem	\$ 44,000	\$ 42,178	\$ 42,735	\$ 557
Fines and forfeitures	242,300	223,987	224,777	790
Intergovernmental:				
Federal Government:				
Federal Emergency Management Agency	-	4,544	-	(4,544)
Department of Housing and Urban Development	-	-	67,061	67,061
State of Louisiana:				
Video poker	30,000	28,690	24,631	(4,059)
Beer taxes	3,200	3,970	3,324	(646)
Rural Development Grant	-	25,000	25,000	-
Local Law Enforcement Grant	-	6,885	6,885	-
State supplemental pay	21,600	19,850	19,850	-
Lafourche Parish Council:				
Recreation District No. 3	4,400	28,400	29,400	1,000
Off track betting	1,100	2,080	2,256	176
Lafourche Housing Authority	4,000	4,350	4,471	121
Lafourche Parish Drainage District No. 1	10,000	10,000	10,000	-
Licenses and permits - occupational licenses	93,000	91,230	91,179	(51)
Franchise fees	75,100	78,004	78,828	824
Charges for services	50,800	51,388	52,218	830
Investment income	3,500	4,140	3,826	(314)
Miscellaneous:				
Donations	1,500	5,556	5,556	-
Mineral royalties	-	160,120	167,370	7,250
Other	15,215	38,375	28,799	(9,576)
Total revenues	<u>599,715</u>	<u>828,747</u>	<u>888,166</u>	<u>59,419</u>
Expenditures				
Current:				
General government	164,889	226,181	219,485	6,696
Public safety	299,500	349,447	348,162	1,285
Streets and highways	122,535	179,523	172,652	6,871
Sanitation	15,089	14,194	14,858	(664)
Drainage and levee	137,911	133,671	133,119	552
Culture and recreation	92,124	103,030	104,426	(1,396)
Debt service:				
Principal retirement	12,240	17,820	17,820	-
Interest and fiscal charges	781	1,091	1,091	-
Capital outlay	61,193	107,680	166,164	(58,484)
Total expenditures	<u>906,262</u>	<u>1,132,637</u>	<u>1,177,777</u>	<u>(45,140)</u>
Deficiency of revenues over expenditures	(306,547)	(303,890)	(289,611)	14,279
Other Financing Sources				
Capital lease	-	-	39,574	39,574
Operating transfers in	350,000	432,645	432,645	-
Total other financing sources	<u>350,000</u>	<u>432,645</u>	<u>472,219</u>	<u>39,574</u>
Net Change in Fund Balances	<u>\$ 43,453</u>	<u>\$ 128,755</u>	<u>182,608</u>	<u>\$ 53,853</u>
Fund Balance				
Beginning of year			<u>156,109</u>	
End of year			<u>\$ 338,717</u>	
See notes to financial statements.				

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - SALES TAX FUND

Town of Golden Meadow, Louisiana

For the year ended December 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes - sales	\$ 260,000	\$ 286,256	\$ 290,290	\$ 4,034
Investment income	5,600	5,927	5,688	(239)
Total revenues	265,600	292,183	295,978	3,795
Other Financing Uses				
Operating transfers out	(240,000)	(290,145)	(290,145)	-
Net Change in Fund Balances	<u>\$ 25,600</u>	<u>\$ 2,038</u>	5,833	<u>\$ 3,795</u>
Fund Balance				
Beginning of year			619,872	
End of year			<u>\$ 625,705</u>	

See notes to financial statements.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - LEVEE MAINTENANCE TAX FUND

Town of Golden Meadow, Louisiana

For the year ended December 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes - ad valorem	\$ 34,000	\$ 35,412	\$ 36,567	\$ 1,155
Investment income	<u>1,000</u>	<u>817</u>	<u>867</u>	<u>50</u>
Total revenues	35,000	36,229	37,434	1,205
Other Financing Uses				
Operating transfers out	<u>(25,000)</u>	<u>(35,000)</u>	<u>(35,000)</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ 10,000</u>	<u>\$ 1,229</u>	2,434	<u>\$ 1,205</u>
Fund Balance				
Beginning of year			<u>71,750</u>	
End of year			<u>\$ 74,184</u>	

See notes to financial statements.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - DRAINAGE MAINTENANCE TAX FUND

Town of Golden Meadow, Louisiana

For the year ended December 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes - ad valorem	\$ 34,000	\$ 35,412	\$ 36,567	\$ 1,155
Investment income	500	333	348	15
Total revenues	34,500	35,745	36,915	1,170
Other Financing Uses				
Operating transfers out	(25,000)	(42,500)	(42,500)	-
Net Change in Fund Balances	<u>\$ 9,500</u>	(6,755)	(5,585)	1,170
Fund Balance				
Beginning of year		32,519	32,519	-
End of year		<u>\$ 25,764</u>	<u>\$ 26,934</u>	<u>\$ 1,170</u>

See notes to financial statements.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - STREET FUND

Town of Golden Meadow, Louisiana

For the year ended December 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes - ad valorem	\$ 33,500	\$ 34,785	\$ 35,919	\$ 1,134
Intergovernmental:				
State of Louisiana:				
Parish Transportation Fund	17,500	16,950	17,084	134
Maintenance Agreement	6,307	6,307	9,461	3,154
Lafourche Parish Council	10,300	10,300	10,694	394
Investment income	2,700	2,580	2,681	101
Total revenues	70,307	70,922	75,839	4,917
Other Financing Uses				
Operating transfers out	(60,000)	(65,000)	(65,000)	-
Net Change in Fund Balances	<u>\$ 10,307</u>	<u>\$ 5,922</u>	10,839	<u>\$ 4,917</u>
Fund Balance				
Beginning of year			222,201	
End of year			<u>\$ 233,040</u>	

See notes to financial statements.

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

Town of Golden Meadow, Louisiana

December 31, 2004

		Business-type Activities - Enterprise Funds		
		Gas Distribution System Fund	Sewerage Fund	Total
ASSETS				
Current				
Cash and cash equivalents		\$ 222,143	\$ 40,723	\$ 262,866
Investments		953	-	953
Receivables:				
Accounts (net of uncollectibles of \$7,037 and \$1,527, respectively)		7,878	5,916	13,794
Unbilled service revenues		64,548	4,548	69,096
Due from other funds		49,781	794	50,575
Total current assets		345,303	51,981	397,284
Restricted				
Cash and cash equivalents:				
Customer deposits		50,661	-	50,661
Capital Assets				
Non-depreciable		2,500	-	2,500
Depreciable, net		145,815	1,462,609	1,608,424
Total capital assets		148,315	1,462,609	1,610,924
Total assets		544,279	1,514,590	2,058,869
LIABILITIES				
Current				
Payable from current assets:				
Accounts payable and accrued expenses		56,878	1,450	58,328
Due to other funds		211	15,493	15,704
Total payable from current assets		57,089	16,943	74,032
Payable from restricted assets:				
Customers' meter deposits		50,661	-	50,661
Total current liabilities		107,750	16,943	124,693
NET ASSETS				
Invested in capital assets, net of related debt		148,315	1,462,609	1,610,924
Unrestricted		288,214	35,038	323,252
Total net assets		\$ 436,529	\$ 1,497,647	\$ 1,934,176

See notes to financial statements.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS

Town of Golden Meadow, Louisiana

For the year ended December 31, 2004

	<u>Business-type Activities - Enterprise Funds</u>		
	Gas		
	Distribution		
	System	Sewerage	
	Fund	Fund	Total
Operating Revenues			
Sales and service charges	\$ 426,094	\$ 53,307	\$ 479,401
Miscellaneous	120	580	700
Total operating revenues	<u>426,214</u>	<u>53,887</u>	<u>480,101</u>
Operating Expenses			
Salaries	61,878	11,398	73,276
Per diem	6,666	5,785	12,451
Payroll taxes	5,965	443	6,408
Retirement	10,034	-	10,034
Hospitalization insurance	13,420	-	13,420
Utilities and telephone	444	6,196	6,640
Repairs and maintenance	10,626	14,813	25,439
Truck	2,434	1,396	3,830
Other insurance	7,060	4,872	11,932
Office	2,705	-	2,705
Postage and freight	2,006	-	2,006
Legal and auditing	10,875	-	10,875
Travel	1,341	1,181	2,522
Gas purchases	256,126	-	256,126
Depreciation	11,984	36,216	48,200
Miscellaneous	441	431	872
Total operating expenses	<u>404,005</u>	<u>82,731</u>	<u>486,736</u>
Operating income (loss)	22,209	(28,844)	(6,635)
Nonoperating Revenues			
Investment income	1,884	270	2,154
Change in Net Assets	24,093	(28,574)	(4,481)
Net Assets			
Beginning of year	412,436	1,526,221	1,938,657
End of year	<u>\$ 436,529</u>	<u>\$ 1,497,647</u>	<u>\$ 1,934,176</u>

See notes to financial statements.

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

Town of Golden Meadow, Louisiana

For the year ended December 31, 2004

	<u>Business-type Activities-Enterprise Funds</u>		
	<u>Gas Distribution System Fund</u>	<u>Sewerage Fund</u>	<u>Total</u>
Cash Flows from Operating Activities			
Cash received from customers and users	\$ 423,536	\$ 52,406	\$ 475,942
Cash payments to suppliers	(268,023)	(30,031)	(298,054)
Cash payments to employees for services and benefits	(97,963)	(17,626)	(115,589)
Net cash provided by operating activities	57,550	4,749	62,299
Cash Flows from Capital Activities			
Acquisition and construction of capital assets	(5,203)	(1,512)	(6,715)
Cash Flows from Investing Activities			
Proceeds from maturities of investments	654	-	654
Investment income	1,884	270	2,154
Net cash provided by investing activities	2,538	270	2,808
Net Increase in Cash and Cash Equivalents	54,885	3,507	58,392
Cash and Cash Equivalents			
Beginning of year	217,919	37,216	255,135
End of year	\$ 272,804	\$ 40,723	\$ 313,527
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ 22,209	\$ (28,844)	\$ (6,635)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	11,984	36,216	48,200
(Increase) decrease in assets:			
Receivables	(2,678)	(1,481)	(4,159)
Due from other funds	13,091	1,129	14,220
Increase (decrease) in liabilities:			
Accounts payable and accrued expenses	11,288	(4,955)	6,333
Customer deposits	8,218	-	8,218
Due to other funds	(6,562)	2,684	(3,878)
Total adjustments	35,341	33,593	68,934
Net cash provided by operating activities	\$ 57,550	\$ 4,749	\$ 62,299

See notes to financial statements.

CONTENTS OF NOTES TO FINANCIAL STATEMENTS

Town of Golden Meadow, Louisiana

December 31, 2004

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NOTES TO FINANCIAL STATEMENTS

Town of Golden Meadow, Louisiana

December 31, 2004

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Golden Meadow, Louisiana (the Town) complies with accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. For enterprise funds, GASB Statement Nos. 20 and 34 provide the Town the option of electing to apply FASB pronouncements issued after November 30, 1989. The Town has elected not to apply those pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note. For the fiscal year ended December 31, 2004 the Town implemented the new financial reporting requirements of GASB Statement No. 34. As a result, an entirely new financial presentation format has been implemented. The more significant of the government's accounting policies are described below.

a) Financial Reporting Entity

The Town of Golden Meadow, Louisiana was incorporated July 17, 1950, under the provisions of Act 136 (Lawson Act) of 1898, State of Louisiana. The Town operates under a Mayor-Town Council form of government and provides the following services as authorized by its charter: public safety, streets and highways, drainage, sanitation, culture-recreation, gas distribution system, sewerage, planning and zoning, and general administrative services.

As the governing authority of township, the Town of Golden Meadow is the financial reporting entity for the Town of Golden Meadow, Louisiana. The financial reporting entity consists of (a) the primary government (the Town of Golden Meadow), (b) organizations for which the Town of Golden Meadow is financially accountable and (c) other organizations for which nature and significance of their relationship with the Town are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Financial Reporting Entity (continued)

GASB Statement No. 14, The Financial Reporting Entity, established the criterion for determining which component units should be considered part of the Town for financial reporting purposes. The basic criteria are as follows:

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued and the right to buy, sell and lease property in its own name.
2. Whether the governing authority appoints a majority of the board members of the potential component unit.
3. Fiscal interdependency between the Town and the potential component unit.
4. Imposition of will by the Town on the potential component unit.
5. Financial benefit/burden relationship between the Town and the potential component unit.

Based on the previous criteria, the Town of Golden Meadow, Louisiana has no component units.

b) Basis of Presentation

The Town's basic financial statements consist of the government-wide statements on all of the non-fiduciary activities of the primary government and the fund financial statements (individual major funds and combined non-major funds).

Government-Wide Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities for the primary government. For the most part, the effect of interfund activity has been removed from these statements. The government-wide presentation focuses primarily on the sustainability of the Town as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

Governmental Activities represent programs, which normally are supported by taxes and intergovernmental revenues.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Basis of Presentation (continued)

Business-Type Activities are financed in whole or in part by fees charged to external parties for goods and services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect costs are not allocated by function for financial reporting in this statement; however, certain indirect costs have been directly allocated as administrative fees to grants and special fund programs. Program revenue include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. This includes internally dedicated resources such as a restricted property tax.

Fund Financial Statements

The fund financial statements are very similar to the traditional government fund statements as presented by governments prior to the issuance of the GASB Statement No. 34. Emphasis is now on the major funds in either the governmental or business-type categories. Non-major funds (by category) or fund type are summarized into a single column.

The daily accounts and operations of the Town continue to be organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds of the primary government are grouped, into generic fund types and two broad fund categories as follows:

Governmental Activities presented as Governmental Funds in the fund financial statements:

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Basis of Presentation (continued)

General Fund – The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources except those required to be accounted for in other funds. The General Fund is always a major fund.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes. Special Revenue Funds reported as major funds in the fund financial statements are as follows:

Sales Tax Fund - To account for the receipt and appropriation of proceeds of the Town's 1% sales and use tax. The revenues derived from the tax are to be used for the purposes of constructing, acquiring, extending and/or improving drainage facilities, streets (including sidewalks and street lighting facilities), public buildings, public parks, and fire department and police stations and equipment; public works, buildings, improvements and facilities, title to which improvements shall be in the public, and for the purpose of paying principal and interest on any bonded debt or funded indebtedness of the Town. The tax may be subject to funding bonds by the Town, and it may be used for the purpose of paying any costs of salary and/or administrative costs of any employee of the Town and to pay any or all costs of any services and costs of any legal functions of the Town.

Levee Maintenance Tax Fund - To account for the receipt and appropriation of proceeds from a 5.09 mill ad valorem tax levied on the assessed valuation of taxable property situated within the corporate limits of the Town of Golden Meadow. The tax is used to defray the cost of maintaining levees in the Town of Golden Meadow.

Drainage Maintenance Tax Fund - To account for the receipt and appropriation of proceeds from a 5.09 mill ad valorem tax levied on the assessed valuation of taxable property situated within the corporate limits of the Town of Golden Meadow used to defray the cost of maintaining drainage works in the Town of Golden Meadow.

Street Fund - To account for the receipt and appropriation of proceeds from a 5.0 mill ad valorem tax, levied on the assessed valuation of taxable property situated within the corporate limits of the Town of Golden Meadow used to

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Basis of Presentation (Continued)

defray the cost of maintaining streets in the Town of Golden Meadow and receipt of proceeds from Parish Transportation Fund, State Maintenance Agreement and Lafourche Parish Intergovernmental Agreement. The revenues derived are to be used for cost incurred to build, repair and maintain streets, culverts and other drainage facilities and to purchase equipment for road work.

Seawall Project Fund – To account for the receipt of funds from the U.S. Department of Homeland Security passed through the State of Louisiana, Military Department, Office of Homeland Security and Emergency Preparedness and Lafourche Parish Council for the construction of Flood Wall Improvements.

Capital Projects Fund - accounts for financial resources used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds) and is reported as a major fund.

Proprietary Funds:

Enterprise Funds – are used to account for operations: (a) that are financed and operated similarly to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. Enterprise Funds are presented in the business-type activities column in government-wide financial statements and the major funds section of the basic financial statements, the three Enterprise Funds reported as major funds in the fund financial statements are as follows:

Gas Distribution System Fund - To account for the distribution of natural gas services to residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Basis of Presentation (Continued)

Sewerage Fund - To account for sewer services to residents within the Sewer Service District of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Proprietary Funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

c) Basis of Accounting and Measurement Focus

Government-Wide Financial Statements:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the year for which they are levied.

Fund Financial Statements:

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing resources) and decreases (expenditures and other uses) in net current assets. Governmental funds are maintained on the modified accrual basis of accounting.

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. Charges for services, fines and forfeitures and most governmental miscellaneous revenues, including investment earnings are recorded as earned since they are measurable and available. The Town's definition of available means expected to be received within sixty days of the end of the fiscal year.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Basis of Accounting and Measurement Focus (continued)

Nonexchange transactions, in which the Town receives value without directly giving value in return, included sales tax, property tax, special assessments, grants, entitlements and donations. Ad valorem taxes are recognized as revenue of the period in which levied. The current year property taxes are being levied to finance the subsequent year's budgeted expenditures by Town ordinance and legally are not available for funding current year expenditures, accordingly, property taxes levied in 2004 shall be recognized as revenue in 2005. The 2004 tax levy is recorded as deferred revenue in the Town's 2004 financial statements. Sales and use taxes are considered "measurable" when the underlying transaction occurs and meets the availability criteria. Anticipated refunds of such taxes are recorded as fund liabilities and reductions of revenue when they are measurable and valid. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources can be used.

Expenditures are recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost such as depreciation and amortization are not recognized in the governmental funds.

All Proprietary Funds are accounted for on a flow of economic resources measurement focus. Proprietary funds are maintained on the accrual basis of accounting wherein revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recognized in the period incurred, if measurable. Revenues resulting from transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place.

d) Assets, Liabilities and Fund Equity

Cash, Cash Equivalents and Investments

Cash includes amounts in regular and money market accounts.

For purposes of the statement of cash flows, cash and cash equivalents include certificates of deposit, the investment in the Louisiana Asset Management Pool (LAMP), and securities with maturities of three months or less when purchased.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Assets, Liabilities and Fund Equity (continued)

Cash, Cash Equivalents and Investments (continued)

Investments are stated at fair value as established by the open market, except for LAMP. LAMP is an external pool, which is operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. Accordingly, the fair value of the Town's position in LAMP is the same as the value of its pool shares.

Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value. Realized gains and losses on investments recorded at fair value are included in investment income.

Investment policies are governed by state statutes and bond covenants. Investments during the year consisted of the following:

Certificate of Deposit
Government National Mortgage (GNMA) Notes
Louisiana Asset Management Pool (LAMP)

Accounts Receivables

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 90 days comprise the trade accounts receivable allowance for uncollectibles. The allowances represent approximately 9% of receivables from business-type activities.

Interfund Transactions

In the financial statements, interfund activity is reported as either loans or transfers. Loans between funds are reported as interfund receivables (due from) and payables (due to) as appropriate. Transfers represent a permanent reallocation of resources between funds. In other words, they are not expected to be paid. For reporting purposes, all interfund transactions between individual governmental funds have been eliminated in the government-wide financial statements.

Note 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Assets, Liabilities and Fund Equity (continued)

Capital Assets

Capital assets, which include land and land improvements, buildings, equipment and infrastructure assets (streets, roads, bridges, canals and sewer and drainage systems) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an estimated useful life in excess of one year and initial, individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add value to the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects at completion of construction. At this point the project costs are moved out of construction-in-progress and capitalized.

Capital Assets of the Town are depreciated using the straight-line method over the following estimated useful lives:

<u>Type of Capital Assets</u>	<u>No. of Years</u>
Buildings and building improvements	10 – 40
Christmas fixtures	10
Protection levee	25 – 40
Swimming pool	20 – 40
Auto's and trucks	5 – 7
Sidewalks, streets and drainage	7 – 40
Oakridge Park	15 – 40
Office furniture and fixtures	5 – 7
Department equipment	5 – 15
DMV building	40
Gas Distribution and Sewer Systems	20 – 50

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Assets, Liabilities and Fund Equity (continued)

Non-Current Liabilities

The accounting treatment of non-current liabilities depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All non-current liabilities to be repaid from governmental resources are reported as liabilities in the government-wide statements. Non-current liabilities consist of capital leases.

Non-current liabilities for governmental funds are not reported liabilities in the fund financial statements. Capital lease proceeds are reported as other financing sources and payment of principle and interest reported as expenditures.

Compensated Absences

GASB Statement No. 16, *Accounting for Compensated Absences*, requires governments to accrue compensated absences only to the extent it is probable that the employer will compensate employees for benefits through cash payments conditioned on the employees' termination or retirement. The Town has recorded liabilities for accumulated vacation and sick leave as of December 31, 2004.

In the government-wide financial statements and the proprietary fund types fund statements, the total compensated absences liability is recorded as an expense and a long-term obligation and allocated on a functional basis. A current liability is recorded for the value of one year's accrual of leave. In accordance with GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, (issued in March 2000), no compensated absences liability is recorded at December 31, 2004 in the governmental fund-type fund financial statements.

A total of 5 to 10 days annual leave and 10 days sick leave per year may be accumulated by each employee. Employees may not carry over or accumulate annual leave. Any sick leave not used during any calendar year can be carried over and accumulated without limit. Any sick leave accumulated at the time of termination of employment by the Town shall not be paid.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Assets, Liabilities and Fund Equity (continued)

Fund Equity

Government-wide Statements:

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets."

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance may be further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Reserved means that the fund balance is not available for expenditure because resources have already been expended (but not consumed), or a legal restriction has been placed on certain assets that makes them only available to meet future obligations. Designated fund balances result when management tentatively sets aside or earmarks certain resources to expend in a designated manner. In contrast to reserved fund balances, designated amounts can be changed at the discretion of management

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Assets, Liabilities and Fund Equity (continued)

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions. Those estimates affect the reported amounts of assets and liabilities and disclosure of assets and liabilities at the date of the financial statements. They may also affect the reported amounts of revenues and expenses of proprietary funds and the government-wide financial statements during the reporting period. Actual results could differ from these estimates.

e) Change in Accounting Principles and Restatement of Prior Year Fund Equity

In June 1999, GASB unanimously approved Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. Certain of the more significant changes in Statement No. 34 include for the first time a Management’s Discussion and Analysis (MD&A) section providing an analysis of the Commission’s overall financial position and results of operations and financial statements prepared using full accrual accounting for all of the Commission’s activities. These and other changes are reflected in the accompanying financial statements (including notes to financial statements).

The Town has elected to implement the general provisions of Statement No. 34 in the current year.

For the year ended December 31, 2004, the Town also implemented the following GASB Standards:

- Statement 37 – Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus
- Statement 38 – Certain Financial Statement Disclosures
- Interpretation No. 6 - Recognition and Measurement of Certain Liabilities and Expenditures in Governmental and Financial Statements.

The transition from governmental fund balances to net assets for December 31, 2003, is as follows:

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**e) Change in Accounting Principles and Restatement of Prior Year Fund Equity
(continued)**

Total fund balances, as previously reported	\$1,102,451
Capital assets, net of depreciation	1,940,130
Capital lease	<u>(8,212)</u>
Total	<u>\$3,034,369</u>

Note 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds except the Capital Projects Fund. The Capital Project Fund present project as opposed to annual budgets and are therefore not reported in the accompanying financial report. The Town Council, who approves each project budget, maintains effective controls of costs. Annual appropriated budgets are adopted for the following governmental funds: general and special revenue. All annual appropriations lapse at year-end.

The Town does not employ encumbrance accounting; under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation.

The Town adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- a. Not later than December 16, a proposed operating budget for the year commencing the following January 1 shall be submitted to the Town Council. The operating budget includes proposed expenditures and the means of financing them.
- b. The Town Council conducts public hearings to obtain taxpayer comments.
- c. All actions necessary to adopt and otherwise finalize and implement the budget for an ensuing year are taken prior to the end of the year in progress.

Note 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Budgetary Information (continued)

- d. The level of budgetary control is at the fund, department or project level and any amendment involving the transfer of monies from one fund, department or project to another or any amendment for amounts exceeding any current expenditure amount budgeted must be approved by the Town Council.
- e. All budgeted amounts, which are not expended, or obligated through contracts, lapse at year end.
- f. Budgets for all governmental fund types are adopted on a basis consistent with GAAP.
- g. The budget was amended one time during the year. The financial statements reflect the amended budget amounts.

Note 3 - PROPERTY TAXES

Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the Town. Assessed values are established by the Lafourche Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana Law. A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed for the list of January 1, 2004. Taxes are due and payable December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes. The assessed value, upon which the 2004 levy was based was \$7,701,800.

The 1974 Louisiana Constitution (Article 7 Section 18) provided that land and improvements for residential purposes be assessed at 10% of fair market value; other property and electric cooperative properties, excluding land, are to be assessed at 15%; and public service properties, excluding land, are to be assessed at 25% of fair market value. Fair market value is determined by the elected assessor of the parish on all property subject to taxation except public service properties, which are valued by the Louisiana Tax Commission (LRS 47:1957). The correctness of assessments by the assessor is subject to the review and certification by the Louisiana Tax Commission.

Note 3 - PROPERTY TAXES (Continued)

The Town has levied property taxes for maintenance of levees, drainage and streets and for general corporate purposes. The various tax rates for the year ended December 31, 2004 were as follows:

<u>Description</u>	<u>Tax Rate</u> <u>Per \$1,000</u>
Levee Maintenance	\$5.09
Drainage Maintenance	5.09
Street Maintenance	5.00
General	5.97

As indicated in Note 1c, property taxes are recorded as revenue by the Town in the year the taxes finance budgeted expenditures. Property taxes, which are paid under protest, are recorded as revenue in the year the taxes are settled.

Note 4 - DEPOSITS AND INVESTMENTS

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States, certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana, guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations.

Bank Deposits:

State Law requires deposits (cash and certificates of deposits) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana, and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision, or with an unaffiliated bank, or with a trust company for the account of the political subdivision. In accordance with state law all cash and deposits were collateralized.

Cash and deposits are categorized into three categories of credit risk.

Category 1 includes deposits covered by federal depository insurance or by collateral held by the Town or its agent, in the Town's name.

Category 2 includes deposits covered by collateral held by the pledging financial institution's trust department, or its agent in the Town's name.

Note 4 - DEPOSITS AND INVESTMENTS (Continued)

Category 3 includes deposits covered by collateral held by the pledging financial institution, or its trust department or agent but not in the Town's name.

The year end balances of deposits are as follows:

	Bank Balances			Book Balances
	Category 1	Category 2	Category 3	
Cash	<u>\$254,964</u>	<u>\$ -</u>	<u>\$385,108</u>	<u>\$590,102</u>

At December 31, 2004, cash in excess of the FDIC insurance was collateralized by securities held by an unaffiliated bank for the account of the depositor. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities uncollateralized. Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

Investments:

State statutes authorize the Town to invest in obligations of the U.S. Treasury, agencies, and instrumentalities; guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations; repurchase agreements; and the Louisiana Asset Management Pool.

The Town's investments are categorized to give an indication of the level of risk assumed by the entity at year end.

Category 1 includes investments that are insured or registered or for which the securities are held by the Town or its agent in the Town's name.

Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the Town's name.

Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent, but not in the Town's name.

Note 4 - DEPOSITS AND INVESTMENTS (Continued)

At year end, the investment balances are as follows:

	<u>Fair Value</u>			<u>Reported Amount</u>
	<u>Risk Category</u>			
	<u>1</u>	<u>2</u>	<u>3</u>	
Investments subject to categorization:				
Government National Mortgage Association (GNMA) Notes	<u>\$ 10,792</u>			\$ 10,792
Investments not subject to categorization:				
Louisiana Asset Management Pool (LAMP)				<u>1,089,742</u>
Total investments				\$ 1,100,534

Investments held at December 31, 2004 consist of \$1,089,742 in the Louisiana Asset Management Pool (LAMP), a local government investment pool. In accordance with GASB Codification Section 150.126, the investment in LAMP at December 31, 2004 is not categorized in the three risk categories provided by GASB Codification Section 150.125 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed or backed by the U.S. Treasury, the U.S. Government or one of its agencies, enterprises or instrumentalities, as well as repurchase agreements collateralized by those securities.

Effective August 1, 2001, LAMP's investment guidelines were amended to permit the investment in government-only money market funds. In its 2001 Regular Session, the Louisiana Legislature (Senate Bill No. 512, Act 701) enacted LSA-R.S. 33:2955(A)(1)(h) which allows all municipalities, parishes, school boards and any other political subdivisions of the State to invest in "Investment grade (A-1/P-1) commercial paper of domestic United States corporations."

Note 4 - DEPOSITS AND INVESTMENTS (Continued)

Effective October 1, 2001, LAMP's Investment Guidelines were amended to allow the limited investment in A-1 or A-1+ commercial paper.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

A reconciliation of deposits and investments as shown on the Statement of Net Assets and Governmental Fund Balance Sheet is as follows:

Cash on hand	\$ 700
Reported amount of deposits	590,102
Reported amount of investments	<u>1,100,534</u>
 Total	 <u><u>\$ 1,691,336</u></u>
 Cash and cash equivalents	 \$ 1,629,883
Cash and cash equivalents-restricted	50,661
Investments	<u>10,792</u>
 Total	 <u><u>\$ 1,691,336</u></u>

Note 5 – RECEIVABLES

An allowance based upon past experience has been established for customers' gas billings and sewerage fees. Uncollectible amounts due for ad valorem taxes and other receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectability of the particular receivable.

Receivable and the applicable allowances for doubtful accounts at December 31, 2004 were as follows:

Exhibit O
(Continued)

Note 5 – RECEIVABLES (Continued)

	<u>Amount</u>	<u>Allowance for Uncollectibles</u>	<u>Net Receivables</u>
Governmental Activities:			
General Fund:			
Property Taxes	\$ 29,540		\$ 29,540
Accounts	14,735		14,735
Levee Maintenance Tax Fund:			
Property Taxes	27,086		27,086
Drainage Maintenance Tax Fund:			
Property Taxes	27,091		27,091
Street Fund:			
Property Taxes	25,535		25,535
Non-Major Funds:			
Accounts	<u>2,713</u>		<u>2,713</u>
Total governmental funds	<u>\$ 126,700</u>		<u>\$ 126,700</u>
Business-type Activities:			
Gas Distribution System Fund:			
Accounts	\$ 79,463	\$ (7,037)	\$ 72,426
Sewerage Fund:			
Accounts	<u>11,991</u>	<u>(1,527)</u>	<u>10,464</u>
Total business-type activities	<u>\$ 91,454</u>	<u>\$ (8,564)</u>	<u>\$ 82,890</u>

Accounts receivable in the business-type activities include amounts for unbilled services as of December 31, 2004 of \$69,096.

Note 6 - DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units at December 31, 2004 consisted of the following:

	<u>State</u>	<u>School Board</u>	<u>Other</u>	<u>Total</u>
Governmental Activities:				
General Fund	\$ 7,191	\$ -	\$ 4,122	\$ 11,313
Sales Tax Fund	-	21,549	-	21,549
Street Fund	5,918	-	-	5,918
Non-Major Funds	<u>6,487</u>	<u>-</u>	<u>-</u>	<u>6,487</u>
 Total governmental activities	 <u>\$ 19,596</u>	 <u>\$ 21,549</u>	 <u>\$ 4,122</u>	 <u>\$ 45,267</u>

Note 7 - RESTRICTED ASSETS

Restricted assets at December 31, 2004 in the enterprise funds consists of \$50,661 of customer deposits.

Exhibit O
(Continued)

Note 8 - CHANGE IN CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2004 was as follows:

	Balance 1/1/2004	Additions	Adjustments and Deletions	Balance 12/31/2004
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 91,100	\$ -		\$ 91,100
Construction in progress	-	38,000		38,000
Total capital assets not being depreciated	91,100	38,000		129,100
Capital assets being depreciated:				
Buildings and improvements	199,359	17,447	\$ -	216,806
Christmas fixtures	16,904	-	-	16,904
Protection levee	164,195	-	-	164,195
Swimming pool	330,019	-	-	330,019
Autos and trucks	172,746	29,421	(59,932)	142,235
Sidewalks, streets and drainage	2,570,759	100,720	-	2,671,479
Oakridge Park	589,050	2,767	-	591,817
Office furniture and fixtures	18,190	203	-	18,393
Equipment:				
Street department	88,446	6,761	-	95,207
Sanitation department	11,400	-	-	11,400
Police department	56,523	8,845	-	65,368
DMV Building	221,641	-	-	221,641
Total capital assets being depreciated	4,439,232	166,164	(59,932)	4,545,464
Less accumulated depreciation for:				
Buildings and improvements	(100,992)	(4,965)	-	(105,957)
Christmas fixtures	(16,904)	-	-	(16,904)
Protection levee	(164,195)	-	-	(164,195)
Swimming pool	(138,638)	(8,628)	-	(147,266)
Autos and trucks	(128,401)	(13,829)	43,384	(98,846)
Sidewalks, streets and drainage	(1,453,534)	(73,638)	-	(1,527,172)
Oakridge Park	(442,435)	(6,613)	-	(449,048)
Office furniture and fixtures	(5,130)	(2,985)	-	(8,115)
Equipment:				
Street department	(67,208)	(3,210)	-	(70,418)
Sanitation department	(3,624)	(1,629)	-	(5,253)
Police department	(41,436)	(7,870)	-	(49,306)
DMV Building	(27,705)	(5,541)	-	(33,246)
Total accumulated depreciation	(2,590,202)	(128,908)	43,384	(2,675,726)
Total capital assets being depreciated, net	1,849,030	37,256	(16,548)	1,869,738
Total governmental activities capital assets, net	\$ 1,940,130	\$ 75,256	\$ (16,548)	\$ 1,998,838

Exhibit O
(Continued)

Note 8 - CHANGE IN CAPITAL ASSETS (Continued)

These amounts are based on a physical inventory of capital assets. Adjustments in the amount of \$293,315 were made to balances reported in the General Fixed Asset Account Group at December 31, 2003.

	Balance 1/1/2004	Additions	Adjustments and Deletions	Balance 12/31/2004
<u>Business-Type Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 2,500	\$ -		\$ 2,500
Capital assets being depreciated:				
Sewer system phase I	756,659	-		756,659
Sewer system phase II	1,042,898	1,512		1,044,410
Gas distribution system	459,031	-		459,031
Auto's and trucks	32,314	5,000		37,314
Furniture and fixtures	87,530	203		87,733
Equipment and machinery	29,305	-		29,305
Total capital assets being depreciated	2,407,737	6,715		2,414,452
Less accumulated depreciation for:				
Sewer system phase I	(189,513)	(15,057)		(204,570)
Sewer system phase II	(116,079)	(20,550)		(136,629)
Gas distribution system	(333,728)	(4,796)		(338,524)
Auto's and trucks	(28,673)	(1,451)		(30,124)
Furniture and fixtures	(65,274)	(5,464)		(70,738)
Equipment and machinery	(24,561)	(882)		(25,443)
Total accumulated depreciation	(757,828)	(48,200)		(806,028)
Total capital assets being depreciated, net	1,649,909	(41,485)		1,608,424
Total business-type activities capital assets, net	\$ 1,652,409	\$ (41,485)	\$ -	\$ 1,610,924

Depreciation expense was charged to functions of the Town as follows:

Exhibit O
(Continued)

Note 8 - CHANGE IN CAPITAL ASSETS (Continued)

Governmental Activities:

General government	\$ 15,498
Public safety	18,063
Culture and recreation	15,812
Streets and highways	29,797
Drainage and levee	48,109
Sanitation	<u>1,629</u>

Total depreciation expense - governmental activities	<u>\$ 128,908</u>
---	-------------------

Business-Type Activities:

Gas Distribution	\$ 11,984
Sewerage	<u>36,216</u>

Total depreciation expense - business-type activities	<u>\$ 48,200</u>
--	------------------

Note 9 -ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

Accounts payable and other current liabilities at December 31, 2004 consisted of the following:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Other</u>	<u>Total Accounts Payable and Accrued Expenditures</u>
<u>Governmental activities:</u>				
General	<u>\$ 27,601</u>	<u>\$ 2,585</u>	<u>\$ 13,093</u>	<u>\$ 43,279</u>
<u>Business-type activities:</u>				
Gas Distribution	\$ 56,878	-	-	\$ 56,878
Sewerage	<u>1,450</u>	<u>-</u>	<u>-</u>	<u>1,450</u>
Total business-type activities	<u>\$ 58,328</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,328</u>

Exhibit O
(Continued)

Note 10 - DUE TO AND FROM OTHER FUNDS

Due to and from other funds are listed by fund for the year ended December 31, 2004:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund:		
Sales Tax Fund	\$ -	\$ 7,021
Street Fund	-	663
Gas Distribution System Fund	211	49,781
Sewerage Fund	15,493	794
Non-major Funds	100	-
Totals	<u>15,804</u>	<u>58,259</u>
 Sales Tax Fund:		
General Fund	<u>7,021</u>	<u>-</u>
 Street Fund:		
General Fund	<u>663</u>	<u>-</u>
 Gas Distribution System Fund:		
General Fund	<u>49,781</u>	<u>211</u>
 Sewerage Fund:		
General Fund	<u>794</u>	<u>15,493</u>
 Non-major Funds:		
General Fund	<u>-</u>	<u>100</u>
 Grand Totals	<u>\$ 74,063</u>	<u>\$ 74,063</u>

The balances above resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

Note 11 - NON-CURRENT LIABILITIES

The Town has entered into several lease agreements for financing the acquisition of equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The assets acquired through the capital leases are recorded in the governmental activities at a book value of \$75,367, net of \$10,277 accumulated depreciation. During the year ended December 31, 2004, the Town made lease payments of \$18,911 including \$1,091 of interest.

The following is a summary of the non-current liabilities for the year ended December 31, 2004:

Payable at January 1, 2004	\$ 8,212
Obligations retired	(17,820)
New Issues	<u>39,574</u>
Payable at December 31, 2004	<u>\$ 29,966</u>
Due with in one year	<u>\$ 14,471</u>

Capital leases are liquidated by the General Fund.

The annual requirements to amortize the capital lease including principal and interest, at December 31, 2004, are as follows:

<u>Maturity</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 14,471	\$ 1,094
2006	11,448	484
2007	<u>4,047</u>	<u>39</u>
Totals	<u>\$ 29,966</u>	<u>\$ 1,617</u>

Note 12 - MAJOR SUPPLIERS - ENTERPRISE FUNDS

During the year ended December 31, 2004 the Town made all of its purchases of natural gas from one supplier totaling \$256,127.

Note 13— RECONCILIATION OF OPERATING TRANSFERS

A reconciliation of operating transfers for the year ended December 31, 2004 is as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund:		
Sales Tax Fund	\$ 290,145	
Levee Maintenance Fund	35,000	
Drainage Maintenance Tax Fund	42,500	
Street Fund	65,000	
Totals	<u>432,645</u>	
Sales Tax Fund:		
General Fund		<u>\$ 290,145</u>
Levee Maintenance Fund:		
General Fund		<u>35,000</u>
Drainage Maintenance Tax Fund:		
General Fund		<u>42,500</u>
Street Fund:		
General Fund		<u>65,000</u>
Grand Totals	<u>\$ 432,645</u>	<u>\$ 432,645</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorization.

Note 14 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to general liability, auto, workers' compensation, property and group health benefits for which the Town carries commercial insurance. The Town is covered under a general liability contract for claims, including claims related to the gas distribution system, up to \$500,000. Any claims in excess of \$500,000 are to be paid by the Town. Various suits and claims arising from personal injury and property damage, some for substantial amounts, are pending against the Town, its insurers and others. The Town has not provided for estimated losses from the aforementioned pending suits and claims in its financial statements because the Town believes the ultimate settlement costs will not materially exceed the amounts provided by commercial insurance.

Note 15 - COMMITMENTS AND CONTINGENCIES

The Town received funding under grants from various federal and state governmental agencies. The agency grants specify the purpose for which the grant monies are to be used; the grants are subject to audit by the granting agency or its representative.

Note 16 - POSTRETIREMENT HOSPITALIZATION AND LIFE INSURANCE BENEFITS

The Town provides for the payment of hospitalization and life insurance premiums for retired employees as approved by the Town Council. The Town funds the entire premium for all employees retiring with at least ten years service and retiring from the formal retirement systems. The cost of providing these benefits is recognized as an expense as premiums are paid. For the year ended December 31, 2004, those costs amounted to \$6,380.

Future liabilities under the Town's plan for potentially eligible employees are dependent upon the age and length of service of those employees. The average employee age and service years are not available. At December 31, 2004, the average hospitalization and life insurance cost per retired employee was approximately 266 per month and the average number of retired employees was 2.

Note 17 - PENSION PLANS

Employees of the Town, with the exception of the policemen, are members of the Municipal Employees' Retirement System of Louisiana. Full-time policemen, not participating in the Federal Social Security System, are members of the Municipal Police Employees' Retirement System of Louisiana (MPERS).

a.) Municipal Employees' Retirement System

Plan Description - The Town contributes to Plan A of the Municipal Employees'

Note 17 -PENSION PLANS (Continued)

Retirement System of Louisiana (the System), a cost-sharing multiple-employer defined benefit public employee retirement system, which is controlled and administered by a separate Board of Trustees. The System provides retirement, deferred and disability benefits, survivor's benefits and cost of living adjustments to plan members and beneficiaries. Act 356 of the 1954 Louisiana Legislative Session established the plan. The System is governed by Louisiana Revised Statutes 11:1731 through 11:1884, specifically, and other general laws of the State of Louisiana. The System issued a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to Municipal Employees' Retirement System of Louisiana, 7937 Office Park Blvd., Baton Rouge, Louisiana 70809.

Funding Policy - Plan members are required to contribute 9.25% of their annual covered earnings, and the Town is required to contribute at an actuarially determined rate. The Town's contribution rate during the period of January 1, 2004 to June 30, 2004 was 11.00%. Effective July 1, 2004, the Town's contribution rate was increased to 15%. In addition, the System also receives a percentage of tax revenues from various taxing bodies. The contribution requirements of plan members and the Town are established and may be amended by state statute. The Town's contributions to the System for the years ended December 31, 2004, 2003, and 2002 were \$42,698, \$28,816 and \$22,578, respectively, equal to the required contributions for each year.

b.) Municipal Police Employees' Retirement System

Plan Description - The Town contributes to the Municipal Police Employees' Retirement System of Louisiana (the System), a cost-sharing multiple-employer defined benefit public employee retirement system, which is controlled and administered by a separate Board of Trustees. The System provides retirement, deferred and disability benefits, survivor's benefits and cost of living adjustments to plan members and beneficiaries. Act 189 of the 1973 Louisiana Legislative Session established the plan. The System is governed by Louisiana Revised Statutes 11:2211 through 11:2234, specifically, and other general laws of the State of Louisiana. The System issued a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to Municipal Police Employees' Retirement System of Louisiana, 7722 Office Park Boulevard, Baton Rouge, Louisiana 70809.

Funding Policy - Plan members are required to contribute 7.50% of their annual covered earnings excluding overtime but including state supplemental pay, and the Town is

Note 17 -PENSION PLANS (Continued)

required to contribute at an actuarially determined rate. The Town's contribution rate during the period of January 1, 2004 to June 30, 2004 was 15.25%. Effective July 1, 2004, the Town's contribution rate was increased to 21.50%. In addition, the System also receives a percentage of insurance premiums. The contribution requirements of plan members and the Town are established and may be amended by state statute. The Town's contributions to the System for the years ended December 31, 2004, 2003, and 2002 were \$16,215, \$8,196 and \$971, respectively, equal to the required contributions for each year.

Note 18 - ON-BEHALF PAYMENTS FOR SUPPLEMENTAL PAY

The Town recognizes as revenues and expenditures salary supplements, which includes the police, that the State of Louisiana has paid directly to the Town's employees. As of December 31, 2004, the total on-behalf payments made amounted to \$19,850.

SUPPLEMENTARY INFORMATION SECTION

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

Town of Golden Meadow, Louisiana

December 31, 2004

	Capital Projects Fund	Special Revenue Seawall Project Fund	Total Governmental Funds
ASSETS AND OTHER DEBITS			
Assets			
Cash and cash equivalents	\$ 50	\$ 50	\$ 100
Receivables (net, where applicable of allowances for uncollectibles):			
Accounts	-	2,713	2,713
Due from other governmental units	-	6,487	6,487
Total assets	<u>\$ 50</u>	<u>\$ 9,250</u>	<u>\$ 9,300</u>
LIABILITIES, EQUITY AND OTHER CREDITS			
Liabilities			
Due to other funds	\$ 50	\$ 50	\$ 100
Deferred revenue	-	9,200	9,200
Total liabilities	<u>50</u>	<u>9,250</u>	<u>9,300</u>
Fund Balances			
Unreserved - undesignated	-	-	-
Total liabilities and fund balances	<u>\$ 50</u>	<u>\$ 9,250</u>	<u>\$ 9,300</u>

See notes to financial statements.

Statement A-2

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

Town of Golden Meadow, Louisiana

For the year ended December 31, 2004

	<u>Capital Projects Fund</u>	<u>Special Revenue Seawall Project Fund</u>	<u>Total Governmental Funds</u>
Revenues			
Intergovernmental	<u>\$ -</u>	<u>\$ 38,000</u>	<u>\$ 38,000</u>
Expenditures			
Current:			
General government			-
Capital outlay	<u>-</u>	<u>38,000</u>	<u>38,000</u>
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances			
Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See notes to financial statements.

OTHER SUPPLEMENTARY INFORMATION

COMPENSATION PAID TO MEMEBERS OF THE TOWN COUNCIL

Town of Golden Meadow

For the Year Ended December 31, 2004

2004

<u>Name</u>	<u>Office</u>	<u>Compensation</u>	<u>Per Diem*</u>
Joey Bouziga	Mayor	\$ 30,452	\$ -
David Adams	Councilman	-	6,336
Lawrence Mounic	Councilman	-	6,612
Frank Boura	Councilman	-	6,612
Gail Callais	Councilwoman	-	5,785
Gwendolyn Theriot	Councilwoman	-	6,336
		<u>\$ 30,452</u>	<u>\$ 31,681</u>

* Per diem paid at the rate of \$551 for the regular monthly meeting.
There are no additional per diem fees paid for attendance at special meetings of the Town.

STATISTICAL INFORMATION SECTION

Table 1

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)**Town of Golden Meadow**

Last Ten Years

(Unaudited)

Year	General Government	Public Safety Police	Streets and Highways	Sanitation	Civil Defense	Drainage and Levee	Culture and Recreation	Debt Service	Total
1995	110,559	215,600	163,216	14,781	168	86,863	51,601	62,464	705,252
1996	110,382	211,637	144,646	11,334	1,189	112,213	58,492	48,514	698,407
1997	126,193	226,727	137,043	12,723	206	90,292	38,295	44,299	675,778
1998	120,449	262,400	150,341	15,808	1,022	81,746	62,492	38,786	733,044
1999	112,916	286,942	190,091	20,920	388	127,593	71,047	39,909	849,806
2000	144,978	272,104	153,075	22,969	226	132,356	62,541	40,815	829,064
2001	155,716	292,189	164,252	15,201	70	98,557	62,006	36,656	824,647
2002	213,477	287,815	126,560	21,286	858	134,170	64,975	47,906	897,047
2003	191,649	301,999	173,251	15,799	-	132,444	108,246	10,819	934,207
2004	219,485	348,162	172,652	14,858	-	133,119	104,426	18,911	1,011,613

Note:

(1) Includes General, Special Revenue, and Debt Service Funds (amounts do not include the Capital Expenditures of the funds).

Table 2

GENERAL GOVERNMENTAL REVENUE BY SOURCE (1)

Town of Golden Meadow

Last Ten Years

(Unaudited)

Year	Taxes	Fines and Forfeitures	Intergovern- mental Revenues	License, Permits and Franchises	Charges for Services	Investment Income	Miscellaneous Revenues	Total
1995	254,331	287,925	104,490	126,595	6,455	9,316	37,915	827,027
1996	282,479	292,531	96,184	126,680	7,208	32,138	34,237	871,457
1997	332,624	277,317	979,072	154,234	303	38,610	35,258	1,817,418
1998	376,309	298,446	310,361	128,151	871	53,485	33,074	1,200,697
1999	336,170	248,428	277,119	153,547	950	47,034	29,299	1,092,547
2000	424,590	295,791	101,285	167,301	850	47,141	38,706	1,075,664
2001	402,026	272,498	245,275	156,592	25,438	36,673	19,328	1,157,830
2002	412,222	259,663	196,250	162,397	31,926	20,843	40,289	1,123,590
2003	443,380	211,204	281,022	175,096	53,351	12,336	58,356	1,234,745
2004	442,078	224,777	268,117	170,007	52,218	13,410	201,725	1,372,332

Note:

(1) Includes General, Special Revenue, and Debt Service Funds.

Table 3

PROPERTY TAX LEVIES AND COLLECTIONS

Town of Golden Meadow

Last Ten Years

(Unaudited)

Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
1995	124,557	124,353	99.8%	-	124,353	99.8%	1,705	1.4%
1996	128,048	127,172	99.3%	218	127,390	99.5%	2,155	1.7%
1997	144,237	141,349	98.0%	162	141,511	98.1%	2,684	1.9%
1998	151,978	148,928	97.9%	1,966	150,894	99.3%	3,768	2.5%
1999	146,466	139,600	95.3%	882	140,482	95.9%	5,984	4.1%
2000	167,940	159,706	95.1%	2,897	162,603	96.8%	11,321	6.7%
2001	148,543	142,828	96.2%	5,876	148,704	100.1%	11,160	7.5%
2002	147,142	141,956	96.5%	2,883	144,839	98.4%	13,463	9.1%
2003	151,942	190,838	125.6%	1,671	192,509	126.7%	16,817	11.1%
2004	162,893	149,637	91.9%	1,634	151,271	92.9%	16,135	9.9%

Table 4**PRINCIPAL TAXPAYERS****Town of Golden Meadow**

December 31, 2004

(Unaudited)

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2004 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
State Bank & Trust Co.	Bank	\$ 1,090,930	14.16%
Lafourche Telephone Co.	Telephone	758,570	9.85%
Community Bank	Bank	386,820	5.02%
Hibernia National Bank	Bank	279,780	3.63%
Apache Company	Oil & Gas	138,240	1.79%
Golden Meadow Hardware	Retail	91,200	1.18%
Plaisance Dragline	Dredging	72,390	0.94%
Entergy	Electric Utility	72,150	0.94%
Golden Motors	Auto Dealer	64,150	0.83%
Aspect Energy, LLC	Oil & Gas	55,000	0.71%
Totals		<u>\$ 3,009,230</u>	<u>39.07%</u>

Table 5

RATIO OF NET GENERAL BONDED DEBT TO ASSESSED
VALUE AND NET BONDED DEBT PER CAPITA

Town of Golden Meadow

Last Ten Years

(Unaudited)

Year	Population	Assessed Value	Gross Bonded Debt (1)	Debt Service Monies Available	Net Bonded Debt	Percent of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
1995	2,032	5,057,125	226,000	34,552	191,448	3.78%	94.22
1996	2,032	5,198,863	199,000	40,062	158,938	3.06%	78.22
1997	2,032	5,851,400	169,000	50,307	118,693	2.03%	58.41
1998	2,032	6,165,456	140,000	67,100	72,900	1.18%	35.88
1999	2,032	5,941,826	108,000	81,009	26,991	0.45%	13.28
2000	2,271	6,992,640	73,000	102,394	-	-	-
2001	2,271	7,004,060	40,000	68,487	-	-	-
2002	2,271	6,956,970	-	-	-	-	-
2003	2,271	7,183,920	-	-	-	-	-
2004	2,271	7,701,800	-	-	-	-	-

Note:

(1) Includes all long-term general obligation debt.

Table 6

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES**

Town of Golden Meadow

Last Ten Years

(Unaudited)

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Expenditures (1)</u>	<u>Ratio of Debt Service to Total General Expenditures</u>
1994	34,000	16,918	50,918	677,531	7.5%
1995	34,000	15,026	49,026	705,252	6.9%
1996	27,000	13,266	40,266	698,407	5.8%
1997	30,000	11,738	41,738	675,778	6.2%
1998	29,000	9,786	38,786	733,044	5.3%
1999	32,000	7,909	39,909	849,806	4.7%
2000	35,000	5,815	40,815	829,064	4.9%
2001	33,000	3,656	36,656	824,647	4.4%
2002	40,000	1,300	41,300	897,047	4.6%
2003	-	-	-	934,207	0.0%
2004	-	-	-	1,011,613	0.0%

Note:

(1) Includes General, Special Revenue, and Debt Service Funds (amounts do not include the capital expenditures of the funds).

Table 7**MISCELLANEOUS STATISTICS****Town of Golden Meadow**

December 31, 2004

(Unaudited)

Date of incorporation	July 17, 1950
Form of government	Mayor - Council
Area	4 square miles
Miles of street	11.5
Number of street lights	400
Fire protection: (volunteer firemen)	
Number of stations	1
Number of firemen	38
Police protection:	
Number of stations	1
Number of policemen and officers	5
Municipal gas department:	
Number of consumers - December 31, 2004	604
Average annual consumption	43.01 MCF
Miles of gas mains	29
Municipal sewer department	
Number of consumers - December 31, 2004	299
Recreation and culture:	
Number of parks	1 with 40 acres
Number of libraries	1
Employees:	
Excluding policemen and summer pool workers	12

Table 8

INSURANCE IN FORCE**Town of Golden Meadow**

December 31, 2004

(Unaudited)

Name of Insurer	Policy Period From To	Details of Coverage	Amount
Fidelity National Property and Casualty Insurance Company	3/1/2004 - 3/1/2005	Flood Insurance - Town Hall Town Hall - Contents Deductible	\$ 50,000 55,000 500
Western Surety	12/1/2004 - 12/1/2005	Public Official's Bond	10,000
Travelers Casualty & Surety	7/27/2002 - 7/27/2007	Public Official's Bond	5,000
Western Surety	1/8/2004 - 1/8/2005	Public Employee's Blanket Bond	10,000
Continental Insurance Company	1/8/2003 - 1/8/2006	Public Employee Dishonesty Coverage Deductible	10,000 1,000
Travelers Casualty & Surety	7/27/2002 - 7/27/2007	Notary Bond	5,000
Travelers Casualty & Surety	1/1/2001 - 1/1/2005	Public Official's Bond - Chief of Police / Tax Collector	5,000
Louisiana Municipal Risk Management Agency	1/1/2004 - 1/1/2005	Workmen's Compensation	LA Statutes
Lexington Insurance Company	3/6/2004 - 3/6/2005	Automobile Collision/Comprehension - Various Autos Total (actual CV for cost of repair, whichever is less) Deductible	110,553 250
Lloyds, London	2/5/2004 - 2/5/2005	Contractor's Equipment Total Physical damage Deductible	109,963 250
Scottsdale Insurance Company	11/20/2004 - 11/20/2005	DMV Building 90% Replacement Cost Deductible DMV Building - Contents 80% Replacement Cost Deductible Wind and Hail - 10% deductible	151,700 1,000 52,000 1,000
Fidelity National Property and Casualty Insurance Company	12/19/2004 - 12/19/2005	Flood Insurance DMV Building Contents Deductible	150,000 50,000 500
Fidelity National Property and Casualty Insurance Company	4/16/2004 - 4/16/2005	Flood Insurance Meter Station - Contents Deductible	7,500 500
Fidelity National Property and Casualty Insurance Company	5/16/2004 - 5/16/2005	Flood Insurance Old DMV/Jail Cell - Contents Deductible	35,400 500

Table 8
(Continued)

INSURANCE IN FORCE

Town of Golden Meadow

December 31, 2004

(Unaudited)

Name of Insurer	Policy Period From To	Details of Coverage	Amount
Travelers Property Casualty	1/7/2004 - 1/7/2005	Water Pumping Station - Durselle Street Limit per accident Deductible Spoilage - 10% of loss; \$2,500 minimum	975,000 2,500
Louisiana Citizens Property Insurance Company	8/20/2004 - 8/20/2005	Fire, Extended Coverage, V. & M. M. on Buildings Town Hall Town Hall Contents Town Hall Addition and Town Hall Jail Swimming Pool Bathhouse Town Maintenance Building Pumping Station Park - Dressing/Restrooms Senior Citizens Building Senior Citizens Ceramic Shop Deductible 80% Co-Insurance	86,000 30,000 35,000 57,000 37,000 10,000 25,000 50,000 10,000 500
Louisiana Municipal Risk Management Agency Liability Pool	5/1/2004 - 5/1/2005	Comprehensive Liability Coverage under the LMA Plan: 1 Comprehensive General Liability Deductible per person Deductible per accident Deductible per occurrence 2 Automobile Liability Deductible 3 Law Enforcement Officers' Comprehensive Liability Deductible 4 Public Official's Errors and Omissions Liability Deductible	500,000 1,000 10,000 100,000 500,000 - 500,000 1,000 500,000 1,000
Scottsdale Insurance Company	5/5/2004 - 5/5/2005	Computer Related Losses Deductible	11,720 500

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS



Bourgeois Bennett

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Honorable Joey Bouziga, Mayor,
and the Members of the Town Council
Town of Golden Meadow, Louisiana.

We have audited the financial statements of the governmental activities, the business –type activities, each major fund and the aggregate remaining fund information of the Town of Golden Meadow, Louisiana (the Town) as of and for the year ended December 31, 2004, which collectively comprise the Town’s basic financial statements and have issued our report thereon dated February 15, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town’s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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We noted certain matters that we reported to management of Town of Golden Meadow in a separate letter dated February 15, 2005.

This report is intended for the information of the Town Council, management, and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bougesin Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
February 15, 2005.

SCHEDULE OF FINDINGS AND RESPONSES

Town of Golden Meadow, Louisiana

For the year ended December 31, 2004

Section I Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Reportable condition(s) identified that are not
considered to be material weaknesses? ☐ yes ☒ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

b) Federal Awards

The Town of Golden Meadow, Louisiana did not receive federal awards in excess of \$500,000 during the year ended December 31, 2004 and therefore is exempt from the audit requirements under the Single Audit Act and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

Section II Financial Statement Findings

Not applicable

Section III Federal Award Findings and Questioned Costs

Not applicable

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

Town of Golden Meadow, Louisiana

For the year ended December 31, 2004

Section I Internal Control and Compliance Material to the Basic Financial Statements

Internal Control and Compliance

03-1 **Recommendation** -We recommend that the Town comply with the State budget laws by amending its budget to ensure actual revenues are less than budgeted revenues by five percent or more and for actual expenditures not to exceed budgeted expenditures by five percent or more.

Current Status – The Town amended its budget as required by state law. No similar finding was found in the 2004 audit.

Section II Internal Control and Compliance Material to Federal Awards

The Town of Golden Meadow, Louisiana did not receive federal awards in excess of \$300,000 during the year ended December 31, 2003 and therefore was exempt from the audit requirements under the Single Audit Act and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2003.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Town of Golden Meadow, Louisiana

For the year ended December 31, 2004

Section I Internal Control and Compliance Material to the Basic Financial Statements

Internal Control

No material weaknesses were reported during the audit for the year ended December 31, 2004.

No reportable conditions were reported during the audit for the year ended December 31, 2004.

Compliance

No compliance findings material to the financial statements were noted during the audit for the year ended December 31, 2004.

Section II Internal Control and Compliance Material to Federal Awards

The Town of Golden Meadow, Louisiana did not receive federal awards in excess of \$500,000 during the year ended December 31, 2004 and therefore is exempt from the audit requirements under the Single Audit Act and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

Section III Management Letter

04-1 **Recommendation** – Procedures should be implemented ensuring balancing of various accounts and funds. These procedures should be performed in a timely manner throughout the year. Also old interfund balances should be researched as to their origination and paid back to the appropriate fund(s). If the research is unsuccessful in determining the origination of balances, these old balances should be written off.

Management's Corrective Action – Procedures will be implemented to balance interfunds and transfers on a monthly basis. Research was performed to determine the origin of old interfund balances and it was unsuccessful. The old balances will be written off during 2005.

MANAGEMENT'S CORRECTIVE ACTION PLAN
(Continued)

Town of Golden Meadow, Louisiana

For the year ended December 31, 2004

04-2 **Recommendation** – All invoices should be checked for accuracy prior to payment. This check should be evidenced on the invoice.

Management's Corrective Action – Procedures are already in place for the finance committee to review invoices and sign checks. Steps will be taken to improve on the already established procedures.

04-3 **Recommendation** – We recommend that an attempt be made to apply inactive customer deposits with inactive customer accounts. Any remaining outstanding customer account balances should be considered for write off.

Management's Corrective Action – Customer Meter deposits are collected, but can not be disbursed or applied to the customers natural gas bill until a signature approves this process. Meter deposits are refunded and applied as soon as the deposit cards are signed by the customer. Several customers do leave town and are never heard from again so it makes it impossible to do anything without the vote of Council members. The natural gas clerk will review meter deposits and present these numbers to the council for write off.



Bourgeois Bennett

To the Honorable Joey Bouziga, Mayor,
and the Members of the Town Council
Town of Golden Meadow, Louisiana.

We have audited the basic financial statements of the Town of Golden Meadow (the Town), State of Louisiana, as of and for the year ended December 31, 2004, and have issued our report thereon dated February 15, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. In planning and performing our audit, we considered the Town's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the basic financial statements and not to provide assurance on internal control.

However, during our audit we became aware of matters, which represent immaterial matters involving the internal control over financial reporting and its operations. The memorandum that accompanies this letter summarizes our suggestions and recommendations regarding these matters. We previously reported on the Town's internal control and compliance and other matters in our report dated February 15, 2005. This letter does not affect our report dated February 15, 2005 on the basic financial statements of the Town.

We will review the status of these comments during our next audit engagement. We have already discussed the comments and recommendations with the Town, and we will be pleased to discuss them in further detail at your convenience, to perform an additional study of the matters or to assist you in implementing the recommendations.

Sincerely,

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
February 15, 2005.

MANAGEMENT COMMENTS

Town of Golden Meadow (the Town)

For the year ended December 31, 2004

04-1 **Criteria** – An accounting system is the backbone of fiscal management in government. It should be designed to produce timely and meaningful reports that clearly reflect the financial position of the Town. There is a responsibility to know that a system of checks and balances exists that protects public funds from misuse and to know that there is a system of recording and reporting that reflects the public official's stewardship responsibility. The accounting system must clearly reflect the financial position of the government, so that elected and appointed governmental officials can make proper decisions concerning capital improvements, public services, repair and maintenance, etc. It must also permit a continuing comparison between the revenues and expenditures/expenses estimated in the budget and those that actually occur.

Condition – The general ledger for the Sewer Fund (Fund 15) was out of balance by \$145.18. Interfund balances and transfers between funds were out of balance. There are also several old interfund balances that should be paid back to the appropriate fund(s) or considered for write off.

Context – Proper balancing of certain accounts were not performed.

Effect – The Town's records did not reflect proper account balances on which financial decisions were made.

Cause – These accounts were not reconciled to ensure proper balances existed.

Recommendation – Procedures should be implemented ensuring balancing of various accounts and funds. These procedures should be performed in a timely manner throughout the year. Also old interfund balances should be researched as to their origination and paid back to the appropriate fund(s). If the research is unsuccessful in determining the origination of balances, these old balances should be written off.

04-2 **Criteria** – Management should take proactive steps to prevent or detect errors on invoices from outside vendors. Management is responsible for designing and implementing systems and procedures for the prevention and detection of errors.

04-2 (Continued)

Condition – A request for payment for a federal project from the project engineer did not properly credit the Town for previous billings. This billing overstated the amount due on the project by \$9,200. As a result of paying this invoice, the Town paid project cost in advance of the due date.

Context – This was an isolated instance.

Effect – Advance payment of project cost.

Cause – Request for payments on contracts are not checked to assure that the project engineer is giving the Town proper credit for previous billings.

Recommendation – All invoices should be checked for accuracy prior to payment. This check should be evidenced on the invoice.

04-3 **Criteria** – Inactive account deposits should be applied against inactive account balances.

Condition – No attempt is being made to apply inactive customer deposits with inactive customer accounts for the Town's Gas System.

Context – This is isolated to the Natural Gas System.

Effect – Overstatement of account balances.

Cause – This procedure is not performed by Town management.

Recommendation – We recommend that an attempt be made to apply inactive customer deposits with inactive customer accounts. Any remaining outstanding customer account balances should be considered for write off.